

Key Controls and Tests for Room Revenue

ROOM REVENUE, a. Establishing Prices

RM_01 Authorize room rates to be charged.

Source AHMA Risk: L Freq: 5

Who is authorized to approve room rate changes and were they properly authorized?

RM_01a Test of Control:

Checklist Question:

Were current room rates properly authorized?

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /A/GM

How to Test:

Locate the most recent SOP to determine how rate changes are authorized. Locate a copy of the memo, email or minute meetings documenting approval for the current rates. Check to ensure that those room rates are still in effect.

How to Document:

Copy the document that confirms the approving authority. Copy the document that authorizes the most recent changes.

Expected Results to Pass:

100% compliance.

Followup if Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

RM_02 Authorize deviations for approved rates.

Source AHMA Risk: M Freq: 2

Are special rates and comp rooms approved? Who is the approving authority?
What is the evidence of approval?

RM_02a Test of Control:

Checklist Question:

Are all special and comp room rates properly approved?

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /A/GM

How to Test:

Check the most recent SOP to determine who is the authorizing official. Run or check rate discrepancy reports for 10 days during the prior three months, identify non-standard or comp rates and check that the authorization exists and is documented. Expand the sample as required to find comp or special rates.

How to Document:

Copy of the document identifying approving authority. Rate discrepancy reports with complimentary and reduced rates identified. Screen print or document showing approval and by whom. Examples of appropriate documents include a purchase order (for vendor comp rooms), an email from the approver, a memorandum, a comment in the system describing circumstances and who approved the variance.

Expected Results to Pass:

90% compliance is expected to pass this test.

Followup if Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

ROOM REVENUE, c. Checking In The Guest

RM_03 Obtain necessary guest information.

Source AHMA *Risk:* H *Freq:* 1

Establish standard guest registration procedures that specify the information to be obtained from each guest.

RM_03a *Test of Control:*

Checklist Question:

Are PMS records updated with changes made by the guest at check-in?

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /AGM

How to Test:

Using the sample generated for the first question: For registration cards that are filled in or changed by the guest, check the PMS to see whether the records were updated.

How to Document:

Use the spreadsheet generated for the first question and include a column that indicates whether the guest made changes to the reg card and another column to indicate whether the desk clerk updated the PMS record for that change.

Expected Results to Pass:

95% of the guest changes were updated in the PMS.

Followup If Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

RM_03b *Test of Control:*

Checklist Question:

Are reservation records complete?

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /AGM

How to Test:

For non-walk-in guests, count the registration cards that are filled in by the guest and calculate the percentage of your non-walk-in sample. In other words, if you pulled 100 registration cards and 15 of them were walk-ins, your subsample will be 85 registration cards. If 5 of them were completed by the guest (not completed during reservations), then the answer will be 6% (5/85).

How to Document:

Use the spreadsheet generated for the first question and include a column that indicates whether the guest made changes to the reg card.

Expected Results to Pass:

90 % or more of the sample should have complete reservation information before the guest arrives.

Followup If Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

RM_03c Test of Control:

Checklist Question:

Are registration cards and guest PMS records completed during reservations or at check-in?

How to Test:

Pull a sample of registration cards representing approximately 10% of the check-ins for a three day period. Pull every 10th registration card for those 3 days until you have completed your sample. Check that the registration cards are 1) complete with either preprinted or guest provided information for guest name, address, phone number, room rate, arrival date, departure date, number of adults, number of children, guest signature.

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /A/GM

How to Document:

A spreadsheet with the results of your review indicating the dates sampled, the number of registration cards and the results for each data element above. Photocopy incomplete reg cards (or a representative sample) for follow-up.

Expected Results to Pass:

95% accuracy for all data elements.

Followup If Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

RM_04

Obtain evidence of guest check-in.

Source AHMA

Risk: L

Freq: 4

How does the hotel document guest check-in?

RM_04a Test of Control:

Checklist Question:

Does the hotel have evidence of guest check-in?

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /A/GM

How to Test:

Choose one day from each of the previous two months and pull the registration cards for that day. Pull or run the in-house guest list for those days. Compare signed registration cards with the in-house guest list and note any discrepancies. Check the registration cards for at least 10% of the in-house guests (every 10th guest on the list).

How to Document:

Attach the annotated in-house guest lists.

Expected Results to Pass:

Pass for this test is 90% or greater (9 of 10 tested, show guest signature).

Followup If Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

ROOM REVENUE, d. Recording Room Revenue

RM_05 Bill all occupied rooms.

Source AHMA *Risk:* H *Freq:* 1

How does the hotel ensure that all room revenue is posted?

RM_05a Test of Control:

Checklist Question:

Is all room revenue being posted?

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /AGM

How to Test:

Examine the audit package for 4 nights from the previous two months and check whether the rate discrepancy report has been checked by the 3rd shift desk clerk (or night auditor) and the income auditor. Examine the projected room revenue report and compare it to the actual room revenue posted to determine whether any discrepancies exist.

How to Document:

Copies of the rate discrepancy, projected room revenue and actual room revenue reports for the selected dates with notes indicating any discrepancies or indicating no discrepancies found.

Expected Results to Pass:

A pass for this question is 100%.

Followup If Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

RM_06 Authorize rebates and allowances.

Source AHMA *Risk:* H *Freq:* 1

To ensure that rebates and allowances are authorized according to established levels of responsibility.

RM_06a Test of Control:

Checklist Question:

Are personnel following hotel policy for rebates and allowances?

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /AGM

How to Test:

Run a financial or PMS report showing adjustments (rebates/allowances/offset postings) for room revenue. Identify 10 adjustments requiring authorization (over the dollar limit for that individual or that adjustment type) and pull the supporting documentation. Acceptable support may be a comment on the folio or other explanation for the adjustment.

How to Document:

Copy of the source report. Written results indicating whether supporting documentation existed to indicate that the adjustment was properly approved.

Expected Results to Pass:

90% compliance in terms of number of approved adjustments and variance of less than \$500 for sum of unapproved adjustments.

Followup If Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

RM_06b Test of Control:

Checklist Question:

Is there a hotel policy for authorizing rebates and allowances?

How to Test:

Examine hotel policy regarding authority for rebates and allowances.

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /AGM

How to Document:

Copy the pertinent section and attach.

Expected Results to Pass:

A policy exists.

Followup If Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

ROOM REVENUE, e. Checking Out The Guest

RM_07

Source AHMA

Risk: H

Freq:

1

Close out guest records in the guest ledger.

How well does the hotel maintain guest ledger records?

RM_07a Test of Control:

Checklist Question:

Are all discrepancies between housekeeping occupancy and front desk records promptly investigated?

How to Test:

Select 3 days from the previous month and pull the daily records for the front desk or income auditor. Examine the documentation to determine whether: 1) housekeeping is reporting discrepancies; 2) there is evidence that discrepancies are investigated and resolved and 3) there is evidence of management review of housekeeping discrepancies on either a daily or monthly basis.

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /AGM

How to Document:

Expected Results to Pass:

100% compliance in all three areas for 2 of the 3 days.

Followup If Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.

RM_07b Test of Control:

Checklist Question:

Are all guest ledger accounts current within 3 days?

How to Test:

Run the in-house guest list with the arrival and departure dates for yesterday or the prior month end. Because Opera forces the operator to either check-out or extend a guest during the night audit, none of the dates will be stale. Therefore, you must check all accounts with extended lengths of stay (length determined by the property). Determine whether the account is current or is awaiting disposition. Pay particular attention to banquet billing folios. The test is successful if the error rate is less than 5%.

Eval Method:

File Analysis

Eval By:

Rooms Managem

Review By:

GM /AGM

How to Document:

Attach copies of the in-house guest lists. Indicate the outside length of stay for the test - for example - any folio in-house longer than 2 weeks - and include your notes on the validity of the long staying accounts. Include any documentation that supports the length of stay (e.g. copy of registration card).

Expected Results to Pass:

The test is successful if the error rate is less than 5%.

Followup If Failed:

If the control is not in place or is not working, implement the control and retest in 30 days.